

Single Family Housing Guaranteed Loan Program

Lender Training
January 7, 2016

Presented by: Jaci Betcher



SFHGLP Goals

- The SFHGLP is designed to provide low- and moderate-income households the opportunity to own adequate, modest, decent, safe, and sanitary dwellings and related facilities for their own residential use in rural areas.
- The program provides loan guarantees to an approved lender for loans made to eligible applicants.

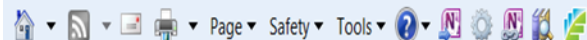


United States Department of Agriculture

Rural Development



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Single Family Housing Guaranteed Loan Program in Minnesota



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We will do our best to provide daily updates on the processing status of conditional commitments and loan note guarantees. Before calling our office or e-mailing for status updates, please first check our website to find out what day we are currently working on. Thank you.

October 23, 2015

Minnesota Program Contact

Specialist On Call Phone Line



What governs this program?

- [7 CFR, Part 3555](#)
- [HB-1-3555](#) - SFH Guaranteed Loan Program Technical Handbook

Why does USDA Rural Development do this?

This program helps lenders work with low and moderate income families living in rural areas to make homeownership a reality. Providing affordable homeownership opportunities promotes prosperity, which in turn creates thriving communities and improves the quality of life in rural areas.

NOTE: Because citations and other information may be subject to change please always consult the program instructions listed in the section above titled "What Law Governs this Program?" You may also contact [your local office](#) for assistance.





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Committed to the Future
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Eligibility

You must use [Internet Explorer 7.0](#) or higher, [Mozilla Firefox 3.6](#) or higher, and [Google Chrome 8.0](#) or higher to view this site. Best viewed using screen resolution of 1024 X 768.

Welcome to the USDA Income and Property Eligibility Site

This site is used to determine eligibility for certain USDA home loan programs and the USDA Satellite Grant Program. In order to be eligible for many USDA loans, household income must meet certain guidelines. Also, the home to be purchased or served must be located in an eligible rural area as defined by USDA.

To learn more about a USDA home loan program, click on the **Loan Program Basics** link on the left side of this screen and select one of USDA's home loan programs.

To determine if a property is located in an eligible rural area, click on the **Property Eligibility** link on the left side of the screen and select a Rural Development program. When you select a Rural Development program, you will be directed to the appropriate property eligibility screen for the Rural Development loan program you selected.

To determine income eligibility of an applicant/household, click on the **Income Eligibility** link on the left side of the screen and select a Rural Development program. When you select a Rural Development program, you will be directed to the appropriate income eligibility screen for the Rural Development loan



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NOTE: New User button and Log On hyper link for ESR have been moved to the ESR menu.



Farm Service Agency



Rural Business Service



Rural Housing Service



Rural Utilities Service



Relending Programs

*****NOTE*****
This site requires Secure Socket Layer. Therefore you must use Internet Explorer 6.0 and higher is supported on this site, however Internet Explorer version 9.0 is highly recommended and is the highest version supported.

To view the help documentation you must use [Adobe Acrobat](#)

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Single Family Guaranteed Rural Housing

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Multi-Family Housing

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USDA LINC Training and Resource Library

The documents and material contained in the USDA LINC Training and Resource Library use Adobe PDF and Adobe Flash formats. To view PDF files you must have [Adobe Acrobat Reader](#) installed on your computer. To view Flash files you must have [Adobe Flash Player](#) installed on your computer.

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Security](#)

[Guaranteed Annual Fee Billing and Payment](#)

[7 CFR 3555](#)

[Guaranteed Underwriting Service \(GUS\)](#)

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[Lender Loan Closing \(LLC\) Agreement Fillable \(PDF\)](#)

[Lender Loan Closing \(LLC\) Administrative Guide \(PDF\)](#)

[Quick Steps to Access Lender Loan Closing \(LLC\) \(PDF\)](#)

[Lender Loan Closing \(LLC\) User Guide \(PDF\)](#)

[Quick Steps to Complete a Lender Loan Closing \(LLC\) \(PDF\)](#)

[Additional Lender Security Administrator - Fillable \(PDF\)](#)



NEW!!! - 7 CFR 3555 and Draft Handbook – Implementation 12/1/2014

[Guarantee Annual Fee \(GAF\) Billing and Payment](#)

[*Training*](#)

[*Documentation and Resources*](#)

[Guaranteed Annual Fee FAQs \(PDF\)](#)

[Guaranteed Annual Fee Calculation Methodology \(PDF\)](#)

[Guarantee Fee & Annual Fee Calculator \(EXCEL\)](#)

[Guaranteed Underwriting System \(GUS\)](#)

[*Training*](#)

[GUS Overview Training \(Flash\)](#)

[*Documentation and Resources*](#)

[GUS Training \(PDF\)](#)

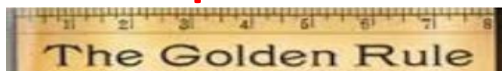
[GUS User Guide \(PDF\)](#)

[Gaining Access To GUS Fillable Forms \(PDF\)](#)

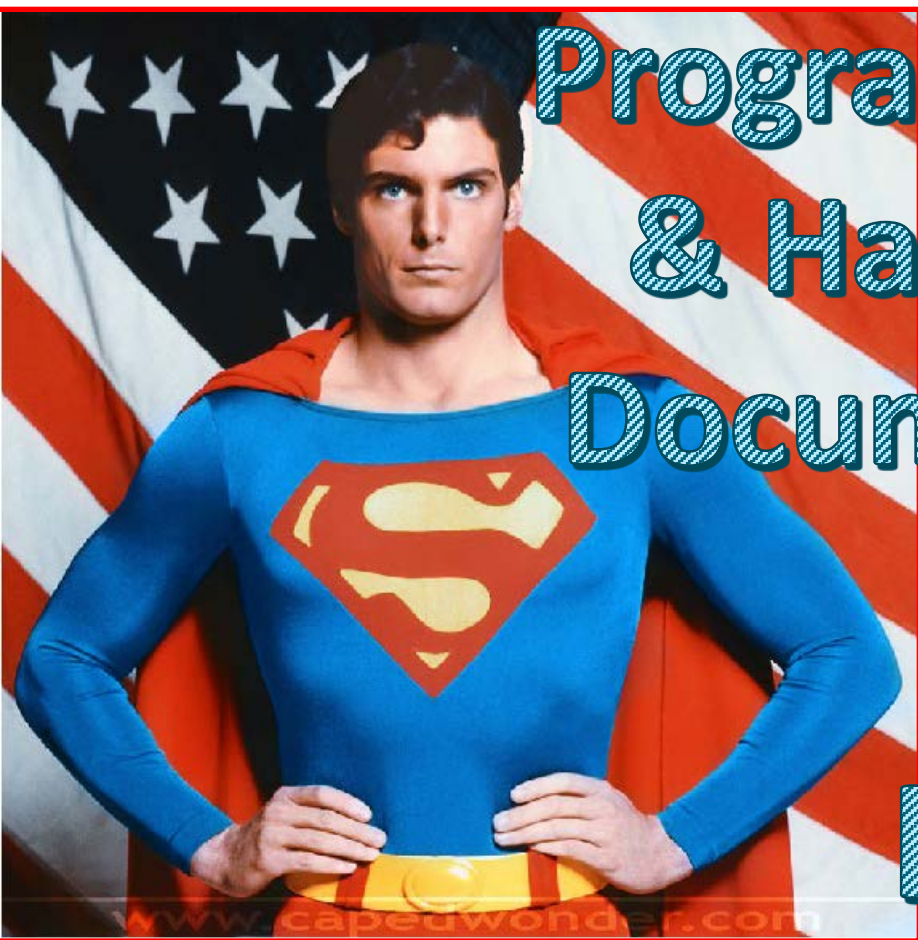
[Gaining Access To GUS Guide \(PDF\)](#)

3555 HB

- Chapters 1-4: Overview;
Lender Approval;
Lender
Responsibilities
- Chapters 4-16: Loan Processing;
Underwriting;
Submission & Closing
- Chapters 17-20: Servicing; Loss Claims, etc.
- Sections on: Acronyms; Glossary
- Appendix 1: **7CFR part 3555** (Code of Federal Regulation)
- Appendix 2-10: Forms; Income Limits; EDI , etc.



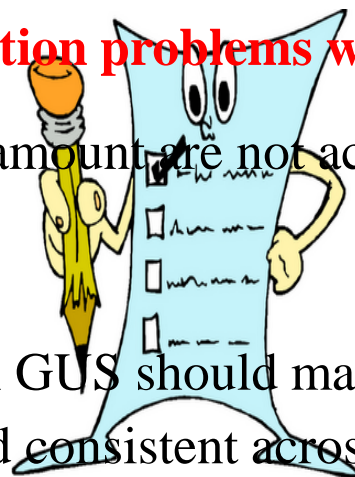
Being Familiar With
Program Regulations
& Having Good File
Documentation is
SUPER
Important!



Please take a moment to review your RD loan applications before submitting.

Here are some of the most common application problems we encounter...

- Collection accounts with a \$1.00 payment amount are not acceptable / when no repayment plan is scheduled.
- Confirm data integrity. Everything input in GUS should match the file documentation. Data must be complete and consistent across all verification documents such as the appraisal, the verification of employment, Underwriter's income worksheets , etc. **Data integrity is a critical element.**
- Student loan debts that do not reflect the appropriate payment per HB 11.2 B, **lender must use the higher** of 1% of the outstanding balance or payment reflected on credit report.



- The **only exception** is student loans currently in repayment and documented to be under a fixed repayment plan for the life of the loan. (e.g. letter from a loan servicer, online account verifications), The credit report alone **is not** acceptable documentation.
- Questions in the **details of transaction** section of application are incorrectly answered.
- Missing or incomplete **two-year employment history**.
- GUS findings report shows the borrower is associated with **other submissions in GUS** and an explanation regarding the reason for multiple applications is not provided.



- Credit Report does not reflect **required trade line history** to validate the credit score per HB 10.5
- GUS Underwriting Findings Report shows file was **randomly selected for full doc review** but full documents were not uploaded into GUS.
- If your file contains a **special situation**, please remember to include the appropriate documentation. This will help us by saving time in processing your request for Conditional Commitment.

Please help us serve you better!



- **Tools to Make Sure your Application is Complete**
- Tools have been developed to help you assemble and submit a complete package. Tools are available as fillable documents on USDA LINC under the heading “Loan Origination” at the following weblink:
 - <https://usdalinc.sc.egov.usda.gov/USDALincTrainingResourceLib.do>
- **Available tools include:**
 - Lender’s *Origination Stacking Order Checklist*
 - Lender’s *Loan Closing Stacking Order Checklist*
 - Make sure to submit only those documents noted and those needed for special situations. Disclosure forms, title reports, and other lender docs are not required by RD and slow down the process.

CONTENTS OF LOAN APPLICATION PACKAGE – GUS ACCEPT

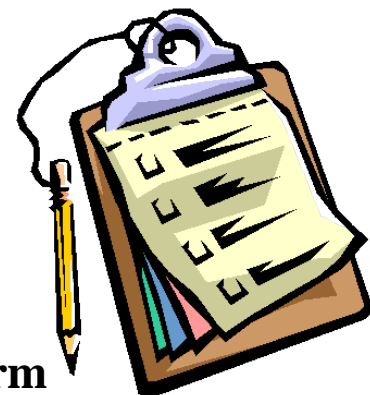
*** Form RD 3555-21, “Request for Single Family Housing Loan Guarantee”**

Note: Must be completed and executed by all applicants and lender.

*** Income Calculation: Worksheet For Calculating Income.**

*** Final GUS Underwriting and Findings Analysis.**

*** FEMA Form 086-0-32, “Standard Flood Determination Form**



*** Uniform Residential Appraisal Report (URAR) Note: 1004 MC must be part of report.**

*** Evidence of qualified alien (If the applicant is not a US citizen).**

CONTENTS OF LOAN APPLICATION PACKAGE- MANUAL

*** Form RD 3555-21, “RSFHLG” executed by all applicants and lender.**

*** Income Calculation: Worksheet For Calculating Income.**

*** Final GUS Underwriting and Findings Analysis.**

*** Underwriting Analysis, confirmed and executed by Underwriter
(FNMA 1008/FHLMC 1077 or similar)**

*** Uniform Residential Loan Application
(URLA – FNMA 1003/FHLMC 65)**



- * Income Verification Documentation: For all household members**
 - Verification of Employment (VOE) + (1) earning statement**
 - OR verbal VOE + (2) earning statements (30 days) + W-2's (2 years)**
 - OR computer generated verification + W-2's (2 years) + verbal VOE**
- Self-Employment: income tax returns/ all schedules (2 years) + profit / loss, balance and income/expense statements.**



**-Child support, pensions, disability,
Social Security, retirement annuity award(s)**

*** IRS 4506-T tax transcripts**

- * Asset Verification Documentation: For all household members. Verification of Deposit, bank statements, gift letter etc.**
- * Credit Report, non-Traditional Report and all credit supplements, as applicable.**
- * FEMA Form 086-0-32, "Standard Flood Determination Form**
 - * Sales Contract, (all pages and amendments)**
- * Uniform Residential Appraisal Report (URAR) 1004 MC must be part of report.**
- * Evidence of qualified alien (If the applicant is not a US citizen).**





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Rural Development

CH 4: Lender Responsibilities

[7CFR 4555.51]

****INDEMNIFICATION****

If the Agency determines that a **Lender did not originate a loan in accordance with the requirements of 7 CFR 3555 and this Handbook** and the Agency pays a loss claim under the loan note guarantee as a result of the **originating Lender's nonconforming action or failure to act**, the Agency **may revoke the originating Lender's eligibility status** in accordance with § 3555.52 Chapter 3 of this Handbook and may also require the **originating Lender to indemnify the Agency for the loss.**



- ✓ Loss within 24 months
- ✓ **Unsupported Data or**
- ✓ **Omitted Information**
- ✓ **Failure to Verify/Analyze Income**
- ✓ Failure to Address Property Deficiencies
- ✓ Appraiser – Not Licensed or Certified

CH 5: Origination & Underwriting Review

Income Types

Briefly...

ANNUAL INCOME: represents the ENTIRE HH's combined income, regardless of whether applicants or not.

ADJUSTED ANNUAL INCOME: represents the combined HH income minus qualified HH deductions.

****The adjusted annual income may not exceed the program's income limits.**

REPAYMENT INCOME: represents stable & dependable income of parties to the note used to repay the loan.



United States Department of Agriculture

Rural Development

Form RD 3555-21
(Rev. 12-14)

Applicant: _____ Co Applicant: _____

WORKSHEET FOR DOCUMENTING ELIGIBLE HOUSEHOLD AND REPAYMENT INCOME

Lender Instructions: Determine eligible household income for the Single Family Housing Guaranteed Loan Program (SFHGLP) by documenting all sources/types of income for all household members. Qualify the loan by documenting all sources/type of income that is stable and dependable utilized to repay the loan.

Identify all Household Members	Age	Full-time Student Y/N?	Disabled Y/N?	Receive Income Y/N?	Source of Income
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

ANNUAL INCOME CALCULATION (Consider anticipated income for the next 12 months for all adult household members as described in HB-1-3555, Paragraph 9.3. Website for instructions/administrative notices: <http://www.rurdev.usda.gov/RegulationsAndGuidance.html>)

1. Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined.

2. Co-Applicant (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined.

3. Additional Household Member (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined.

4. Additional Household Member (Wages, salary, self-employed, commission, overtime, bonus, tips, alimony, child support, pension/retirement, disability, trust income, etc.). Calculate and record how the calculation of each income source/type was determined.

5. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

6. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

7. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

8. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

9. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

10. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

11. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

12. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

13. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

14. Income from other sources (e.g., rental income, interest income, etc.). Calculate and record how the calculation of each income source/type was determined.

15. Monthly Repayment Income (Enter total of 14)

16. Monthly Repayment Income (Enter total of 14)

17. Monthly Repayment Income (Enter total of 14)

18. Monthly Repayment Income (Enter total of 14)

19. Monthly Repayment Income (Enter total of 14)

20. Monthly Repayment Income (Enter total of 14)

21. Monthly Repayment Income (Enter total of 14)

22. Monthly Repayment Income (Enter total of 14)

Attached to 3555-21:
Income worksheet to
help lenders with these
calculations.

Make sure you SIGN on
page 5

(along with title, lender, date, tax ID#. This certifies
YOU completed these calculations)

Submitted with package to RD
for review.

SHOULD MATCH UP WITH
WHAT YOU HAVE IN GUS!

Prepared by (Signature): _____
Name (Print): _____
Title: _____
Lender: _____
Date: _____



Taxing ID: _____

5.2 Preliminary Determination of Applicant Eligibility

Conventional Credit {also in 8.2(B)}

Form RD 3555-21

“Request for SFH Loan Guarantee”

**Requires BOTH the
Lender and
the Applicant to
CERTIFY:**



7. The applicant is unable to secure the necessary conventional credit without a Rural Development guarantee upon reasonable rates, terms, and conditions in which the applicant could reasonably be expected to fulfill. (See 7 CFR 3555 HB-1-3555 Chapter 5 and 8 for conventional credit definition).

The certification can be made if the applicant does NOT meet the requirements to obtain conventional credit .

1 - Have non-retirement liquid asset of 20% down?

+

2 - Can pay all closing costs?

3 - Ratios no more than 28% PITI / 36% TD?

4 - Have qualifying credit?

Qualifying credit = at least 2 credit bureau lines open & paid for at least 24- months (including):

(A) Not currently 30 days or more past due on any line; **and**

(B) Had not been 60 days or more past due in past 24 mo.; **and**

(C) No foreclosure or bankruptcy past 36 month period.

5 – Can qualify for conventional mortgage for 30 year fixed rate **without** private mortgage insurance (PMI)?



**IF the applicant meets the CUMULATIVE criteria as defined above;
the applicant is NOT ELIGIBLE for GRH Loan.**

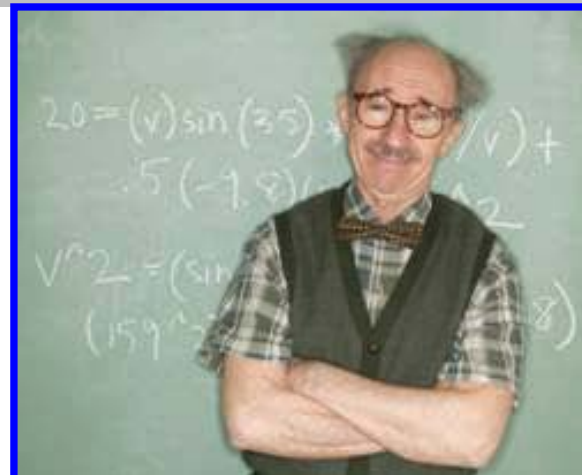
5.3 Utilizing GUS

[7CFR 3555.107(3)(b)]

GUS is a TOOL that helps evaluate the credit risk of the loan request.

*It **compliments**, but DOES NOT **replace** the judgment of experienced underwriters.

*GUS is NOT designed to evaluate the dependability of an applicant's repayment income. Remains the underwriter's responsibility to determine prior to final submission.

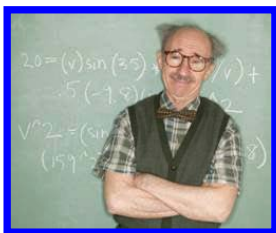


Lenders are reminded that data entered into GUS MUST coincide with permanent case file.

DATA INTEGRITY

See Handout for ALL Required Downgrades

HB-1-3555 Ch 10, 10.5	Establishing Applicants Credit Reputation
GUS Finding 60021	Credit Score Validation
HB-1-3555 Ch 10, 10.11	Disputed Accounts
GUS Finding 60005	Disputed Account



HB-1-3555 Ch 10, 10.12	Authorized User Tradelines
GUS Finding 60000	Authorized User Account
HB-1-3555 Attachment 10-B	Recent and/or Undisclosed Debts and Inquiries
GUS Finding 622	Lender Due Diligence

5.3 (E) Cash Reserves & GUS



Cash reserves after closing are NOT required, but ARE considered in the risk assessment by GUS.

When disclosing the assets of the borrower on the “Assets and Liabilities” page of GUS, lenders have the responsibility to determine if the asset is liquid or readily converted to cash & can be done so without retirement or job separation.

Assets such as 401 (k)s, IRAs, etc. MAY be included in the underwriting analysis up to 60% of the vested value. Funds borrowed against these accounts MAY be used for loan closing, but are NOT to be considered as cash reserves.

Gift funds from any source: NOT included in the cash reserves calculation in GUS.

Cash reserves are used for the purpose of qualifying the applicant for a loan.

It remains the lender’s responsibility to verify and document that the borrower has sufficient funds to close.

Documentation will be retained in the lender’s permanent case file.

CH 6: LOAN PURPOSES 7CFR 3555.101



D. Refinance: 1 - Construction Financing:

Refinancing is allowed for “take out” purposes when financing to construct a new dwelling, or to improve an existing dwelling (in conjunction with a purchase).

- ✓ The fee structure for this type will be considered a purchase loan.
- ✓ Considered a 2 closing transaction.

First transaction = obtain interim construction financing.

Second closing = obtains permanent financing when completed.

- ✓ Construction period is limited to 12-month period.
(12-month period must have occurred directly prior to permanent financing).
- ✓ New construction documentation (certified plans and specifications, inspections and warranty, etc.) applies.
- ✓ The Loan Note Guarantee will be issued on the permanent financing, **once construction is complete.**

D. Refinance: 2- Site Without a Dwelling:

In the case of loans for a building site without a dwelling, a refinance is permitted if:

- The debt to be refinanced was incurred **for the sole purpose of purchasing the site;**
- The applicant is unable to acquire adequate housing **without a refinance;**
- An appropriate dwelling **will be constructed on the site prior to issuance of LNG;** and
- The lender is responsible for assuring that all costs involved in the construction financing represent an eligible loan purpose.



(12 mo. period, new constructions docs. 2 closings,etc)

D. Refinance: 3 - Existing GRH Loans:

(See Attachment 6-A – EXCELLENT CHART!)

The **intent** is to give existing borrowers with satisfactory payment histories the opportunity to **benefit from a lower interest rate & increase their ability to be successful homeowners.**

The interest rate of the new loan to be financed must be **100 basis points below the rate of the existing loan.**

Applicants must meet all existing
eligibility requirements.

2 Types...



NON-Streamlined Refinance:

- Requires an appraisal.
- May include: Principal & Accrued Interest of existing loan,
Closing costs,
Lender fees & Up Front Guarantee fee
Amount to the extent sufficient equity in the property exists,
as determined by appraisal. The appraised value may be
exceeded by the 2.75% Up Front Guarantee fee.

The Guaranteed Underwriting System (GUS) may be utilized when requesting a non-streamlined refinance.





Streamlined Refinance:

- No new appraisal.
- May NOT exceed the original loan amount (Max Loan Amt).
- All other costs, documentation & underwriting requirements remain consistent with a purchase guarantee.
- Refinance **balance** of existing GRH loan.

Balance =:

Outstanding principal balance,

Current interest charges due

Reasonable & customary fee for reconveyance

Any amount of up front funding fee to be financed into the loan.

(Delinquent interest, closing costs or lender fees may not be financed into the new loan).

GUS may be utilized when requesting a streamlined refinance.

Not available for 502 Direct loans that have received subsidy during the term of the original loan.



Original loan **must have closed at least 12 months prior**
to receipt of request for refinance.

Existing loan **must have been current for the 180-day period prior**
to request to refinance.

NO "cash out" from the refinance transaction.

Additional borrowers may be added to the new GRH loan.
Existing borrowers may be deleted but 1 original borrower must remain.

Subordinate financing (such as home equity seconds & down payment assistance
"silent" seconds) CANNOT be included in the new loan amount.

Permissible for properties in areas that have been determined to be non-rural since
the existing loan was made.

Coming soon to Minnesota!!

- The Refinance Pilot Program
- Under this refinance program Lenders do not need to submit:
 - ✗ – A new credit report
 - ✗ – A new Appraisal report except to calculate subsidy recapture for refinancing a direct loan if applicable
 - ✗ – HUD Handbook minimum property determinations or any additional property inspections
 - ✗ – Debt to income ratio calculations are NOT required

COMING SOON

Refinance Pilot – take 2

- What is required:

- ✓ – Existing loan is Section 502 direct or guaranteed
- ✓ – New interest rate = fixed & minimum 100 basis points below current interest rate but **also** can't exceed RD maximum rate on the day locked
- ✓ – New term = 30 years
- ✓ – Can add borrowers but can't remove original (unless deceased)
- ✓ – Home must remain principal residence
- ✓ – Full income verifications/documentation for all adult household members – including tax transcripts

Refinance Pilot – take 3

- What can be included in loan amount:
 - Principal balance of existing loan
 - Up front funding fee or a portion of the fee
 - Accrued interest
 - Eligible closing costs



Refinance Pilot – take 4

- What can't be included in loan amount:
 - Cash out to the borrower
 - Subsidy recapture due for direct loan borrowers – must be paid in full by the borrower or subordinated

Other FYI's:

- Files must be manually underwritten
- Applicable annual fee applies

Refinance Pilot – take 5

- Required documentation:
 - 3555-21 “Request for Single Family Housing Loan Guarantee”
 - Income verifications/documentation
 - 1003
 - Evidence of qualified alien status, if applicable
 - FEMA
 - Evidence of previous 12 month mortgage payment history
 - All additional requirements of 7 CFR Part 3555 and applicable Administrative Notices continue to apply

6.3 Prohibited Loan Purposes

Seller Contributions:

Seller/other interested party *contributions* **limited to 6%**

Closing costs &/or prepaid items paid by the lender by premium pricing are not included in the seller contribution limitation.

Fees such as RE commission or other typical fees paid by the seller under local, state law, or local custom are not considered in the max contribution calculation.



Closing Costs:

Closing costs, including lender fees, may not exceed 3% of the total loan amount, unless flexibility is provided through guidance published by the CFPB's ATR/QM rule.

(The 2.75%GRH fee & annual fee not included).



Note: The “intent” is for lenders to comply with the CFPB’s (Consumer finance Protection Bureau) “Ability to Repay” and “Qualified Mortgage” rule.

Mortgage lenders are subject to this rule but this is not a specific RD regulation.

RD does not regulate what specific fees & costs are allowed under the rule & leave it up to the lenders to ensure they meet the appropriate compliance.

If questions check with your Compliance Officer.

CH 7: Loan Terms & Conditions

7CFR 3555.104

7.3 (B) Loan Terms

Interest Rate

Interest rate cap = On the day locked,
FNMA 30 year, 90 day rate + 1.0% and rounded up to the nearest .25%



Example: FNMA 30 year/90 day rate on
10/01/2015 = 03.43776 + 1.0% = 04.43776
rounded up to 4.5%

<https://www.efanniemae.com/sf/refmaterials/hrny/index.jsp>

Rate Lock

Document file that rate did not exceed the cap on the date interest rate was locked.

3555-21:

5. The interest rate is based on the ☐ Fannie Mae on ____/____/____ (required to be completed).

☐ The interest rate is locked in until ____/____/____.

☐ The interest rate will float until loan closing (documentation of lock date will be required w/ loan closing report).

NOTE: If the interest rate increases at loan closing, the loan must be re-underwritten and this document must be recertified.

If rate floating when 3555-21 completed, lender document file date rate was locked & confirmation rate did not exceed cap.

RD will request confirmation of the lock date as a condition if the rate remains floating when CC is issued.



IF Interest Rate INCREASE

- ✓ Updated Application
- ✓ New updated 3555-21
- ✓ Updated underwriting
- ✓ Confirmation of date lock (meets max allowable).

Loans underwritten with the assistance of GUS will require a resubmission if the locked interest rate adversely affects the eligibility of the loan.



GOING UP

Resubmission will be treated as a New Request.



United States Department of Agriculture

Rural Development

CH 8: Applicant Characteristics

A. Owning a Dwelling [7CFR 3555.151]

An applicant may retain a home & purchase another under GRH IF:

- ❖ Current dwelling is not financed by GRH or Direct 502 or 504 loan or active 504 grant;
- ❖ Financially qualified to own more than 1 house;
- ❖ Will occupy the home as primary residence throughout the term of the loan.
- ❖ Current home owned no longer adequately meets the applicants' need.



In all cases, the lender **must provide an explanation** of burden upon the applicant imposed by the status change (both in the near & longer term) & reasons beyond homeowner convenience, why the purchase of the property must be completed prior to the sale of the existing property.

Documentation may be requested by RD.

Applicants retaining their existing dwelling must qualify for all mortgage liability payments.

Newly signed leases cannot be used for repayment (no historical basis).

Rents received less than 24 months do not represent a stable income for repayment income and cannot be used when qualifying the loan.

GUS:

Don't populate data fields on the:

“REO Property Information” Page with any information regarding rental income



Corresponding mortgage liability associated with retained dwelling **MUST** be included in the **long-term debt liability**.

Repayment Income – Rents **received 24 months or greater.**

When rental income is stable & dependable, as evidenced & documented by: **Most recent 2 years tax returns; and**

Copy of current written lease executed by the homeowner and the lessee

Net rental income CAN be considered for repayment ratios.

IRS Form 1040 Schedule E is required to verify all rental income.

Depreciation or depletion shown on Schedule E may be added back to the **net income or loss for repayment** income.

Positive rental income is considered **gross income for repayment.**

Negative income **must** be treated as a recurring **liability.**



C. Occupying the Property

[7CFR 3555.151(c)]

Applicants must agree to personally occupy the dwelling as a principal residence **throughout the term of the loan.**

Bona fide occupancy in the home as the applicant's principal residence **within 60 days**

after signing the security instruments is required



Active Duty Military Applicants:



Active duty military applicants may be eligible.

Must occupy the property as principal residence.

Will meet occupancy requirements provided:
proof that a discharge will be received within a reasonable
period of time

(usually within 1 year) and

the serviceperson's family will continue to occupy the
property if re-assigned prior to discharge.

Student Applicants:



Due to the probability of relocation after graduation, fulltime students cannot obtain loans
unless
they intend to make the home a
permanent residence & there are reasonable
prospects of securing employment
in the area after graduation.

E. Suspension or Debarment

[7CFR 3555.151(g)]

Individuals who have been suspended/debarred from participation in Federal programs are not eligible for GRH loans.

Lender is responsible for screening the applicant & parties to the transaction on the U.S. General Services Administration's (GSA) System for Award Management (SAM.gov) website.



Document permanent file with: **Date & Screen Print** of results & Date on 3555-21.
Prior to request for CC & no greater than **30 days prior to loan closing**
otherwise the **lender will update** documentation
= perform another check of SAM.

Rural Development staff is not required to rescreen
an applicant upon request of a loan guarantee.

F. Having Acceptable Citizenship/ Immigration Status [7CFR 3555.151(b)]

The applicant must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien.

U.S. Citizenship and Immigration Services
WEB-3

Administration
Verification
Cases
Administration
Password
Challenge Q&A
Profile
Administration
Users
Address
Groups
Ports

Enter Applicant Information:
What document(s) did the applicant present (select one):
☐ I-327 (Reentry Permit)
☐ I-551 (Permanent Resident Card)
☐ I-571 (Refugee Travel Document)
☐ I-766 (Employment Authorization Card)
☐ Certificate of Citizenship
☐ Naturalization Certificate
☐ Machine Readable Immigrant Visa (with Temporary I-551 Language)
☐ Temporary I-551 Stamp (on passport or I-94)
☐ I-94 (Arrival/Departure Record)
☐ I-94 (Arrival/Departure Record) in Unexpired Foreign Passport
☐ Unexpired Foreign Passport
☐ I-20 (Certificate of Eligibility for Nonimmigrant (F-1) Student Status)
☐ DS2019 (Certificate of Eligibility for Exchange Visitor (J-1) Status)
☐ Other (Select If Document Not Listed)

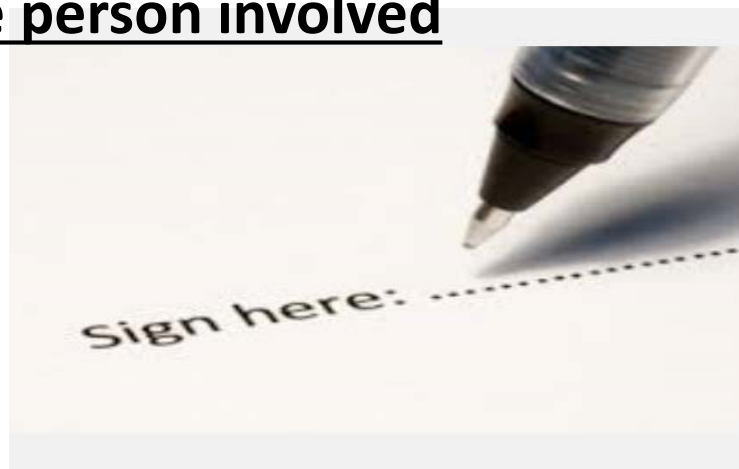
CH 9: Income Analysis

[7CFR 3555.152]

If any adult member of the household is not presently employed but there is a recent history of such employment, **that person's income will be considered** in annual income.

If the person involved is not presently employed, is not collecting unemployment & does not intend to resume employment in the foreseeable future, the **applicant(s) & the person involved** **must sign a statement to such.**

The statement will be filed in the permanent loan file.



CH 9: Income Analysis

E. Verification Requirements

[7CFR 3555.152]

Must also verify income from adult members of HH not party to the note.

Require each adult member of HH complete & execute IRS Form 4506-T
(previous 2 years at time of application)

The information received from IRS is not intended to document income, but **to validate income documentation** provided by HH



Lenders must have the information returned from IRS prior to submission to RD

CH 9: 9.3 (E)4: Income Verification

Credit documents, regardless of documentation method cannot be greater than **120 days old at time of loan closing**.

- Lenders must obtain a verbal VOE for all salaried applicants within **10 business days prior** to note date
- Lenders must **confirm with 3rd party** the existence of a self-employed applicants business no more than **30 calendar days prior** to note date

Lenders will verify income
for each adult HH member for
previous 2 years
prior to loan application

Chapter 9, Section 9.3, E

9.4 Calculating Income From Assets

[7CFR 3555.10(d)]



For Annual income, the assets of all HH members are considered

A. Non-Retirement Assets that Must be Considered:

➤ Cash in savings/checking accounts:

Average 2 mo. balance of 2 most recent consecutive monthly bank statements.

➤ Earnest money deposit: on sales contract can be considered an asset if the deposit is not already reflected in a liquid asset account.

*GUS TIP: only enter earnest money one time on either the “Asset & Liabilities” section or “Transaction Details” page

➤ Stocks, bonds, savings certificates, certificates of deposit, money market funds, and other investment accounts.

More Assets to Consider:



➤ Sales proceeds of real property sold:

Obtain a final HUD-1 or equivalent closing statement to indicate cash sales proceeds realized by the applicant.



*GUS TIP: Enter information regarding the real property sold or pending sale on the “REO Property Information” section.

- For properties with a disposition of “Pending Sale,” the calculation of “Net Equity” will automatically populate on the “Assets and Liabilities” applicant page.
 - For properties with a disposition of “Sold” on the “REO Property Information” section, lender must manually enter the “Net Equity” on the “Asset and Liabilities” application page
-
- Amounts in trust funds that are available to the household.
 - Income from assets disposed of for less than fair market value during the two years preceding the determination of annual income.
 - Lump-sum receipts, such as inheritances, capital gains, lottery winnings.
 - Personal property held as an investment, such as jewelry, stamps, coins, baseball card collections or cars

B. Assets That are not Considered:



- Amounts in retirement & pension plans, individual retirement accounts (IRAs), 401(k) plans, and Keogh accounts. (Retirement savings that are accessible to the applicant can however be considered a compensating factor)
- Cash value of life insurance policies;
- Value of necessary items of personal property, such as furniture & automobiles;
- Assets that are part of any business, trade, or farming operation in which any member of the HH is actively engaged;
- The value of an irrevocable trust fund, or the value of any trust over which no member of the HH has control;
- Interests in American Indian restricted land; &
- Any assets on hand that will be used to purchase the property or pay for closing costs.

NOPE

1. Cash Value of \$5,000 or Less:

If the cash value of the household's assets is \$5,000 or less, the amount of asset income included in the annual income calculation **is the actual income from these assets.**



2. Cash Value Over \$5,000:

If the cash value of the HH's total assets is more than \$5,000, the amount of asset income included in the annual income calculation =

The greater of:

(1) the actual income to be derived from the assets;

OR

(2) an imputed (estimated) income

That is calculated by multiplying total cash value of assets by a local- passbook savings rate as determined & documented by lender.



9.10 Stable & Dependable Income

The anticipated amount of income, and likelihood of its continuance, must be established to determine the applicant's capacity to repay the loan. The determination remains the lender's responsibility.

- ☐ There is no minimum length of time an applicant must have held a position to consider employment income as dependable.
- ☐ Lender **must verify the applicant's employment for the most recent 2 full years** & verify that the applicant's income has been stable.
- ☐ The applicant **should not have any gaps in employment of more than a month within the 2 year period** prior to making the loan application.
- ☐ Applicants that have not been employed for **12 months with their current employer** or have experienced a significant earnings increase **are considered high risk.**

- Second jobs, full 2 year history
- Unearned income, 3 year continuance
- Self-employed applicants, 2 year history



Newly Employed:

Less than a 2-year employment & income history can be considered when documentation = applicant was attending school immediately prior to current employment.
School Program/Classes must correlate to job!

For those applicants about to start a new job:
Firm offer letter from new employer indicating the job will begin **within 60 days of loan closing**

Re-entering the Workforce:

Applicants who re-enter the workforce after an absence to care for a family member or minor child, extended medical illness, or other reasonable circumstances & less than 2-year employment & income history:

May be considered for repayment income if the applicant has been at the current employer for a minimum of six months and there is evidence of a previous employment history



Significant increases or decreases in income level:

Experienced a Significant Decrease?

Previous higher income **cannot** be averaged for repayment purposes

unless there is documentation of a one-time occurrence (e.g. injury)

that prevented working or earning full income for a period of time & proof that the applicant is back to the income amount that they previously earned. **Focus on the most recent earnings and income that is likely to be received at the level used for qualifying.**



Experienced a Significant Increase?

Proposing to qualify the applicant at the higher amount?

NEED: sufficient documentation to confirm the increased income is stable and likely to continue at the level used as part of the written analysis.

9.10(A)4: Tax Exempt Income

- May be grossed up 25% for **repayment**
- Do **not** gross up for **annual** income
- No other adjustments are authorized



No More Tax
Tables!

CH 10: Credit Analysis

10.3(B): Credit Report Requirements

[7CFR 3555.151]

If a credit report indicates other credit inquiries have been made by the applicant in the **90 days prior to the date of the credit report**, the lender should determine why the inquiry was made and whether credit was obtained by the applicant. Include monthly payment in TD if applicable.



10.5 Establishing Credit Reputation



At least one applicant whose income or assets are used for qualification **must have at least 3** historical trades that

have a minimum **12 months pay history** to establish a credit reputation & validate the credit score.

If not, file must be downgraded and non-traditional credit can be used.

**Loans with GUS
“Accept” are also
subject to the credit
score validation!!**

Non Traditional Credit

- 3 or 4 tradelines that are currently active and open accounts with recent pay histories of a minimum of 12 months

- 3 if one = rent history
- 4 if no rent history





United States Department of Agriculture

Rural Development

10.6 Obtaining Non-Traditional Credit History

Preferred method = NTC verified by a credit bureau & reported back to the lender as a NTCR in the same manner as traditional credit references.

If a NTMCR is impractical, or such a service is unavailable, may obtain independent verification of trade references.



Acceptable forms of documentation

NTMCR include:

- Cancelled checks;
- Third-party verifications; **or**
- Non-traditional credit report for the following non-traditional credit sources that include the creditor's name, date the account was opened, account balance, monthly payment due, and payment history reported in 0x30, 0x60, 0x90 format.



Subjective statements such as “satisfactory” or “acceptable” are **not an acceptable format** for repayment history confirmation.

Acceptable trade-line sources include an open and recent 12-month payment record of the following:

- Rent;
- Utility records;
- Insurance (excluding paid through payroll deductions)
- Child care providers;
- School tuition;
- Local stores (department, furniture, specialty stores);
- Uninsured portions of any medical bills;
- Internet/cell phone services;
- Automobile leases;
- Personal loan from an individual (other than a family member);
- Documented 12-month history of saving by regular deposits (at least quarterly/non-payroll deducted/no NSF checks reflected), **resulting in** a reserve equal to 3 months of proposed PITI as a cash reserve post-closing; or
- Any other reference which gives insight into willingness to make periodic payments on a regular basis for credit obligations.



NOTE: Court Created Obligations paid (such as child support or alimony) **cannot** be utilized as trade-line references;
Payments to relatives **cannot** be utilized.

NTCR

Exercise caution when evaluating applicants with NT credit histories. May be considered a higher risk than applicants who have credit scores.

Only 1- 30 day delinquency on any NT line within the last 12 months. 60 and 90 day delinquencies, reports of disconnection notices, or collection accounts/court records (other than medical) filed **in the past 12 months are unacceptable.**



Ratios for housing expense and debt-to-income expense should be minimal.

10.7 A: Acceptable Credit Scores

640 or greater meets minimum credit requirement, **provided** indicators of unacceptable credit are not present:

- Foreclosure/short sale within 3 years
- BK within 3 years
- Late mortgage/rent payments

This does not establish a minimum fico score!



A credit score in its self does not indicate the applicant's credit reputation is acceptable.

Even when the credit score exceeds the minimum, the lender must determine that each applicant, individually, and all applicants collectively, have an acceptable credit reputation.



NO



Loans with credit scores of
580 or below
should not be approved.

10.8 Credit Exceptions

Exceptions should be made only
in the following types of situations:

Temporary Situation: The circumstances that caused the credit problems were **temporary in nature, beyond the applicant's control, & the circumstances have been removed and resolved** (12 mo. prior to application).

(Ex: include a temp. loss of job, delay or reduction in benefits, illness.)

Reduced Housing Expense: The loan will **significantly reduce the applicant's housing expenses**, which will result in improved debt repayment ability. (Significant reduction in housing expense = 50% or more.)

No Agency-granted waiver or concurrence is
required for credit exceptions.

Applicants must provide supporting documentation that
meets these requirements to ensure the
lender's file is well documented and supported.

Lender should document on the underwriter's analysis
the reasons that an exception is justified.



The lender **is not authorized to make an exception** in the case of an applicant with a delinquency on a Federal debt, or with an outstanding judgment obtained by the United States in a Federal court (other than the United States Tax Court).

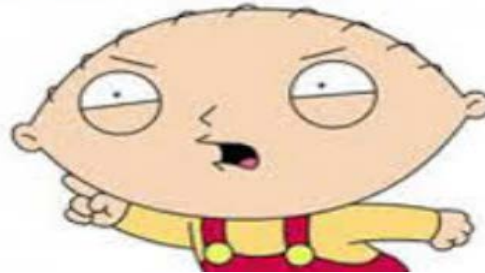


Evidence of payment arrangements is acceptable for IRS Federal tax judgments.
Underwriter must determine if the elapsed repayment period is of appropriate duration.

Delinquency during the repayment period = Not Eligible.

10.9 Collection Accounts:

WHERE IS MY MONEY MAN?!!
WHERE IS MY MONEY?!



Collection accounts are factored into the credit score.
Collection accounts will be considered in the analysis of credit and capacity.

The lender is responsible for determining which collection accounts should be paid in full by the applicant prior to, or at, closing.

*Not a condition of mortgage approval.

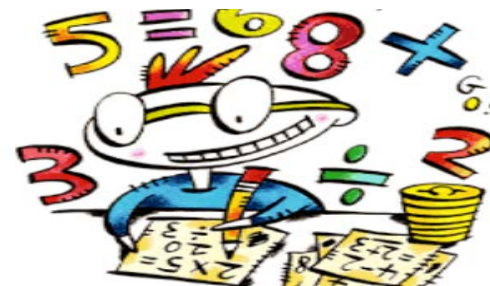
Whether a collection account represents a greater risk is the lender's decision, regardless of the credit score.

The lender will document reasons for approving a loan request when collection accounts remain unpaid.

***GUS TIP:** The preferred method to record the lenders analysis/reasons for approving the loan is to document their justification on the credit liability line under “notes” on the “Assets and Liabilities” page beside each individual collection.

- 1) Determine IF: Total outstanding balance of all collections is equal to or greater than \$2,000.
- 2) Remove all medical collections & charge off accounts from the total balance.
- 3) If the remaining outstanding balance of collections is equal or greater than \$2,000

Any of the Following Actions Will Apply:



- a. **Payment in full** at or prior to closing.
- b. **Payment arrangements are made** with creditors for collections. (A letter from the creditor or evidence on the credit report is required to validate the payment arrangements. Monthly payment for each collection included in TD ratio.
- c. In the absence of a payment arrangement, utilize in the TD ratio a calculated monthly payment. For each collection utilize 5% of the outstanding balance to represent the monthly payment.

10.10 Judgments:

An **exception** to payment in full of outstanding judgments can be made when the applicant(s) have a payment arrangement with the creditor and have made regular/timely payments for **3 months prior to loan application.**

Prepaying scheduled payments as a means of meeting minimum requirements **is unacceptable.**

Lenders will obtain a copy of the payment agreement & validate payments have been made in accordance with the payment agreement.



10.13 Rent History

Applicants with credit scores of 680 and above are not subject to verification of rent or housing history.

Loans underwritten with GUS that receive an “Accept” underwriting recommendation are not subject to verification of rent or housing history.

If, however, a rental amount is input in GUS, it must be verified. All information in GUS is required to be verified.



CH 11: Ratio Analysis

B. The Total Debt Ratio

Revolving Accounts:

Min. mo. payment is required for all revolving credit card debts.

Revolving or open-ended accounts are counted as a liability for qualifying purposes even if the account appears likely to be paid off within 10 months or less.

If the credit report shows an outstanding balance, but no specific minimum monthly payment, the payment will be calculated as the **greater of 5% of the balance, or \$10.**

If current statement reflecting the actual monthly payment, that amount can be used.

Retain documentation in permanent file.

Revolving accounts with no outstanding balance do not require an estimated payment to be included in the debt ratio.

Previous Mortgage:

Previous mortgage liabilities disposed of through a sale, trade or transfer

without a release of liability will be included in the TD ratio **unless** evidence the remaining party has made the payment in the **previous 12 months** prior to loan application



11.3 Debt Ratio Waivers & Compensating Factors

May exceed 29% PITI & 41% TD IF strong compensating factors demonstrate higher repayment ability.

Debt Ratio Waivers – Agency may concur if all of the following conditions are met:

1. Either:

- a. The PITI > 29%, but < or =32%,
accompanied by a TD ratio not exceeding 44% ; OR
- b. The TD ratio > 41%, but < or =44%,
accompanied by a PITI ratio not exceeding 32%;

And:

- 2. Credit score of all applicant(s) is 680 or greater; and
- 3. At least 1 of the acceptable compensating factors listed is identified and supporting documentation provided.

Manual Underwrites

The debt ratio waiver requirements do not apply to GUS files that receive: “Accept” underwriting recommendation **or** “Accept” / “Full Doc” submission as part of a quality control msg

Acceptable Compensating Factors & Supporting Documentation:

- The proposed PITI is equal to or less than the applicant’s current verified housing expense for the 12 month period preceding loan application.
- Accumulated savings or cash reserves available post loan closing equal to, or greater than 3 months of PITI payments.
- All employed applicants have been continuously employed with their current primary employer for a minimum of 2 years. (N/A for self-employed borrowers)

CH 12: Property & Appraisal

12.4 Site Requirements [7CFR 3555.201(b)]



Sites must be **modest** & developed in accordance with any **standards imposed by a State or local government.**

Site Size

The site size must be **typical for the area.**

REMOVED: 30% site value guideline

CH 12: 12.2 Economic Life

Remaining Economic Life

Economic life of property must meet or exceed the term of proposed loan

30 + years remaining





Income-Producing Buildings

The property **must not include** buildings designed & **to be used principally** for income-producing purposes.

For example: barns, silos, greenhouses, or livestock facilities **used primarily** for income producing agricultural, farming or commercial enterprise **are ineligible**.

However, barns, silos, livestock facilities or greenhouses **no longer in use** for a commercial operation, **used for storage, & outbuildings such as storage sheds** are permitted **if they are not used primarily** for income producing agricultural, farming or commercial enterprise.

A qualified property must be predominantly residential in use, character and appearance.



Home-based operations such as childcare, product sales, or craft production that do not require specific features are not restricted.

Income-Producing Land

The site must not have income-producing land that will be used principally for income producing purposes.

Vacant land or properties used primarily for agricultural, farming or commercial enterprise are ineligible. Sites that have income-producing characteristics (e.g. large tracts of arable land ready for planting) are considered income-producing property.

A qualified property must be predominantly residential in use, character and appearance.

However maintaining a garden for personal use is not in violation of this requirement.

CH 12: Section 2: Appraisals

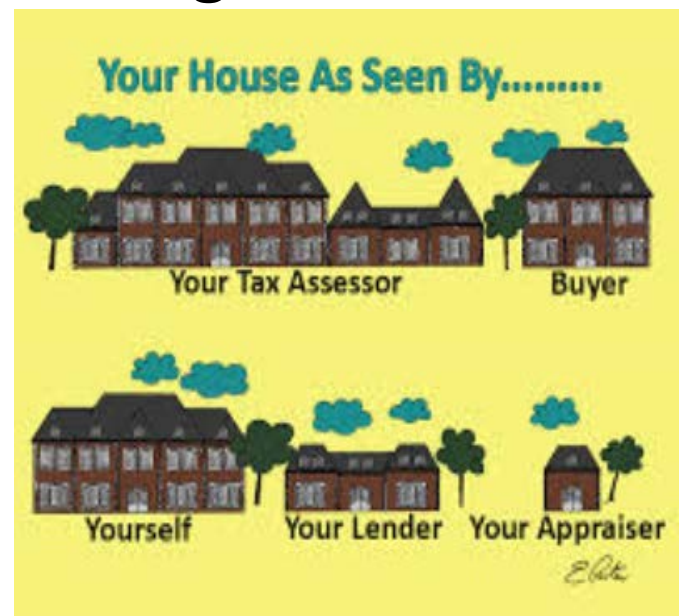
12.5 Residential Appraisal Reports

[7CFR 3555.107(d)]

The appraisal must have been completed
within 120 days of loan closing.

12.5B: Appraisal Update

- 120 days for original report + 120 days for update (240 days maximum – only 1 update allowed)
- No update – 150 days maximum at loan closing (Original 120 day + 30 day extension period but not allowed with an update)



REMOVED: New construction appraisals are no longer valid for 180 days.



United States Department of Agriculture

Rural Development

CH 12: Existing & New Dwellings (12.9A)

REMOVED:
Prohibition on
in-ground pools &
deduction of
contributory value
of pools

May approve dwellings
with in-ground pools



Escrow-Exterior & Interior

12.9 Existing & New Dwellings [3555.202 (C)(4)]



The Agency may issue a Loan Note Guarantee prior to the completion of repairs provided the following conditions are met:

1. Remaining work cannot affect habitability, health or safety
2. Cost is not greater than 10% of final loan amount
3. Escrow account funded to complete work (minimum 100% cost of work)
4. Executed contract to complete within 180 days of loan closing

- Executed contract is waived (borrower method) if:
- i. Cost to complete work is less than 10% of total loan amount
 - ii. Escrow amount is less than or equal to \$10k, **and**
 - iii. Lender has determined borrower has skills to complete work

The lender is responsible for monitoring the completion of the work and the release of funds for payment.

Documentation supporting the development work and confirmation of the completion will be retained in the lenders permanent mortgage file (check CC for submission requirements).



Funds remaining in the escrow account upon completion of the work will be used to reduce the unpaid principal balance of the mortgage.



QUESTION: Do all remaining escrow funds have to be applied to principal?

ANSWER: Yes, that's the regulation. ****Even if Seller Contribution.**

Remember, lender is getting LNG with 10% cost of work left undone & RD will pay claim on 90%. **If do not want funds going back to principal, have option to have repairs completed prior.**

Flood Hazard Areas

Existing dwellings are eligible with flood insurance.



Get quotes for actual costs. Flood Insurance has really skyrocketed!

Flood Insurance must be obtained
when any portion of the structure is in a SFHA,
(including decks and carports, etc.)

However, flood insurance is **not required** for any additional structures that are located on the property but **are detached** from the residential structure (such as sheds, garages).

Flood elevation certificate is no longer required!!

12.13 Section 7: Combination Construction Permanent Loans [7CFR 355.105]

A “single-close “combination construction permanent loan can be offered by lenders with appropriate construction lending experience & adequate controls for interim construction cost disbursements.

- Combines the features of a construction loan, which is a short-term interim loan for financing the cost of construction, & traditional long-term permanent residential mortgage.
- Provides funds during construction period - converts to a permanent loan upon completion.
- Lender makes the loan to an eligible applicant.
- Considered a purchase transaction by the Agency.
- Closing occurs prior to the start of construction.
- At closing funds are disbursed to cover the cost of land.
- Lender responsible for managing the disbursement of loan proceeds to builder/contractor for LNG may be issued once the interim construction loan is closed without waiting for completion of the subject property.



Attachment 12-C Checklist

CH 15: 15.2 Lender Responsibility

An applicant is ineligible if he/she is presently delinquent on any Federal debt or is suspended or debarred, or otherwise excluded from participating in RD programs.

The GSA list: www.sam.gov

All other parties to the mortgage transaction can be:

- | | |
|--------------------------------------|-----------|
| Applicant(s) | Seller |
| Listing or selling real estate agent | |
| Loan officer | Appraiser |
| Loan processor | Builder |
| Underwriter | |





United States Department of Agriculture

Rural Development



USER NAME PASSWORD [LOG IN](#)

[Forgot Username?](#) [Forgot Password?](#) [Create an Account](#)

[HOME](#) [SEARCH RECORDS](#) [DATA ACCESS](#) [GENERAL INFO](#) [HELP](#)

CREATE USER ACCOUNT

Your CCR username will not work in SAM. You will need a new SAM User Account to register or update your entity records. You will also need to create a SAM User Account if you are a government official and need to create Exclusions or search for FOUO information.

[Create User Account](#)

REGISTER/UPDATE ENTITY

You can register your Entity (business, individual, or government agency) to do business with the Federal Government. If you are interested in registering or updating your Entity, you must first create a user account.

[Register/Update Entity](#)

New!

Use the SAM Status Tracker to:

[Check Status](#)

SEARCH RECORDS

All entity records from CCR/FedReg and ORCA and exclusion records from EPLS, active or expired, were moved to SAM. You can search these records and new ones created in SAM. If you are a government user logged in with your SAM user account, you will automatically have access to FOUO information.

[Search Records](#)



[HOME](#) [SEARCH RECORDS](#) [DATA ACCESS](#)

Advanced Search - Exclusion

Structure your search for exclusion records in SAM. This section describes how you want to search. The accordion below provides search tips.

Search Tips :

- If you want to search using a date range, use the date range search.
- If you are trying to search for multiple excluded entities, use the multiple names search.
- If you choose the SSN/TIN approach, the name and address result to be returned.

All search terms are defined in the SAM User Guide.

☐ [Single Search](#)

☐ [Multiple Names](#)

☐ [SSN/TIN](#)

ADVANCED SEARCH:

Use specific criteria in multiple categories to structure your search.

[ADVANCED SEARCH - ENTITY](#)

[ADVANCED SEARCH - EXCLUSION](#)

[DISASTER RESPONSE REGISTRY SEARCH](#)



15.4 Electronic Signatures

RD will accept unless prohibited by law or regulation

- Eligible on documents utilized for loan origination or servicing
- Lender must perfect & maintain first lien and enforceable promissory note
- Signature must be clear



Use of electronic signatures is voluntary

- Lenders must meet ESIGN Act & applicable federal & state regulations (no script font, photos, or copy and paste of images)
- Lender assumes all responsibility for e-signatures

~~Englebert Humperdink~~

15.6 (C) Incomplete Applications

If the application is missing information that is needed, the SFHS will contact the lender (typically by email), with a list of the specific items that are missing, incomplete, or inadequate.



The lender must correct the deficiencies within **10 business days** or the application package will be returned to the lender.

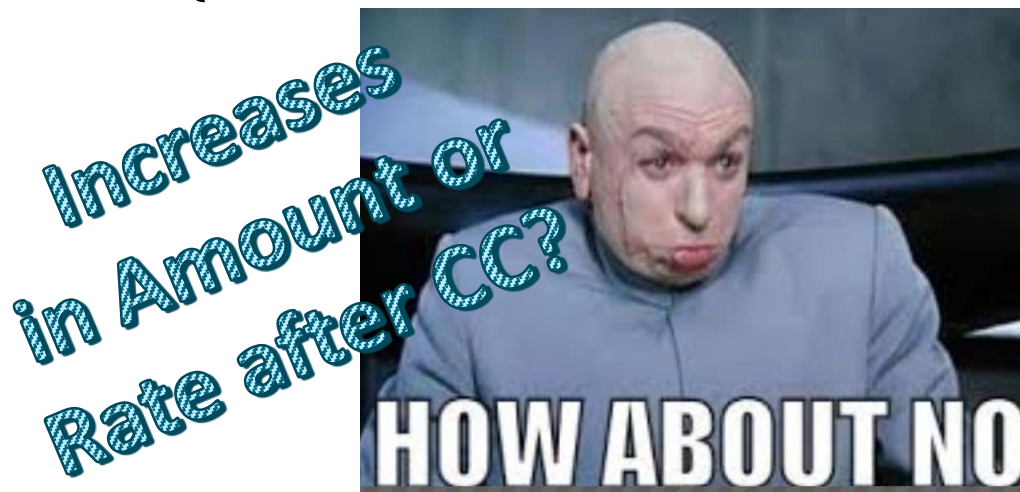
CH 16: Closing the Loan

7CFR 3555.107

The loan MUST close under the same terms it was underwritten and approved for in the Conditional Commitment

UNLESS

the change does not adversely affect loan approval (i.e. lower loan amount, lower interest rate).



B. Request For Loan Guarantee- Electronic Closing (LLC)

Rural Development offers approved lenders the ability to submit guaranteed loan closing transactions to the Agency via the internet.

This method is the preferred method of requesting a Loan Note Guarantee.





For Questions contact: Jaci Betcher - jaci.betcher@mn.usda.gov